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Supreme Court, U.S.
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In The
Supreme Court of the United States

THE UNIVERSITY OF SOUTH CAROLINA,

Petitioner,

v.

UNIVERSITY OF SOUTHERN CALIFORNIA,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

The University of South Carolina applied to register a new trademark for its collegiate merchandise that was virtually identical to a registered trademark that the University of Southern California has been using for decades. The Federal Circuit, in an unpublished and non-precedential decision, found a likelihood of confusion between the two marks sufficient to preclude registration. The questions presented are:

1. Whether the Federal Circuit erred by following settled precedent that holds that potential sophistication of possible purchasers does not preclude a likelihood of confusion where the marks in question, the goods in question, and the retail channels in question are all highly similar or identical.

2. Whether the Federal Circuit erred by considering so-called "ornamental" trademark usage as carrying trademark rights, when the law is settled, the issue would not affect the outcome of this dispute, and no challenge to "ornamental" usage was either pressed or passed upon.

RULE 29.6 STATEMENT

The University of Southern California has no parent corporation, and no publicly held company owns ten percent or more of its stock.

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INTRODUCTION

In its Petition, The University of South Carolina ("South Carolina" or "Carolina") neglects to mention that the unanimous decision below is unpublished and expressly non-precedential. Indeed, in its Appendix A, Carolina even omitted the legend at the top of the Federal Circuit opinion which, pursuant to Federal Circuit Rule 32.1, reads **"NOTE: This disposition is nonprecedential."**

Despite Carolina's repeated claims that the Federal Circuit has announced a "new likelihood of confusion standard" or somehow "exacerbated" alleged conflicts of authority, the reality is that this nonprecedential case was decided on settled principles of law regarding confusion among potential purchasers. The case matters only to Carolina and the University of Southern California ("Southern California" or "California"). The Federal Circuit panel designated the opinion below as non-precedential precisely because it did not address or involve any novel or important issue of law. Fed. Cir. Rule 32.1(b) ("An opinion or order which is designated as nonprecedential is one determined by the panel issuing it as not adding significantly to the body of law.")

As a background matter, Carolina also misrepresents the case when it introduces its Petition as if the case implicated long-standing histories of colleges and universities sharing initials like "USC." Cert. Pet. 3. In reality, Carolina and California have concurrently used "USC" since 1906 and the two schools

have entered into at least two consent agreements in light of their shared history of that mark. Pet. App. B, 53a. The real issue in this case was whether an institution like Carolina can adopt a ***brand-new*** trademark for national sales of collegiate clothing, when ***another*** institution already has decades of exclusive use and an incontestable trademark registration for national sales of collegiate merchandise. It is long established that colleges and universities are not exempt from trademark law when it comes to changing their names or adopting new marks. *See, e.g., President and Trustees of Colby College v. Colby College-New Hampshire*, 508 F.2d 804, 812 (1st Cir. 1975).

In particular, the University of Southern California for decades has sold tens of millions of dollars of SC-branded collegiate clothing through retailers across the country such as Wal-Mart, J.C. Penney, Sears, Kohl's, Sports Authority, and Footlocker. By contrast, while Carolina implies that "SC" is somehow a central trademark of the University of South Carolina, the record below demonstrated that Carolina engaged in only *de minimis* use of "SC" during the earlier parts of the 20th century and thereafter ***Carolina affirmatively abandoned any use of "SC" no later than 1982***. Pet. App. B, 96a. Moreover, Carolina never licensed, manufactured or sold ***any*** "SC" merchandise of ***any*** sort before Carolina created this new form of the University of Southern California's well-established mark in 1997. After Carolina sought trademark registration for this new

version of Southern California's "SC" mark, unanimous panels of the Trademark Trial and Appeals Board ("TTAB") and the Federal Circuit properly rejected Carolina's attempt at registration.

In its Petition, Carolina attempts to manufacture two issues to try to whet this Court's appetite to revisit the merits of the dispute. However, while the Petition is articulately written, neither issue stands up to inspection.

On the first issue, Carolina purports to find a "conflict" among the lower courts as to whether the Lanham Act (a) precludes only confusion among potential purchasers alone or (b) ***also*** precludes post-sale confusion among members of the public who are not likely to purchase the goods at issue. Cert. Pet. 13-18. ***However, this matter was tried and decided entirely on the more narrow grounds of confusion among potential purchasers.*** Carolina therefore had the benefit of the more favorable standard. Under that standard, both the TTAB and the Federal Circuit found a likelihood of confusion among potential purchasers. As a result, it is irrelevant to this case whether post-sale confusion among non-purchasers is also actionable and there was neither any evidence nor any finding relating to post-sale confusion among the general public. The alleged "split" is simply not implicated by this case and is nothing more than a pretext for an attempt to have the Court review the merits of an unpublished decision between two litigants that does not justify certiorari.

Moreover, even on the merits, Carolina's argument is wrong. Carolina suggests that the Federal Circuit made a finding that "a likelihood of confusion can be found without considering whether any particular persons actually exist who would likely confuse two competing trademarks." Cert. Pet. 4. In reality, as the Court will see in reviewing the Federal Circuit decision, there is simply no such holding by the Federal Circuit. *See generally* Pet. App. A, 8a-9a.

Instead, while the Federal Circuit rejected the TTAB's finding that the purchasing public at large was particularly unsophisticated, it found that there was no evidence either way as to the level of sophistication of purchasers who were not hardcore fans. Pet. App. A, 9a ("Thus, the Board's findings ***on the care*** exercised by gift-purchasing consumers and casual fans rested on speculation.") (emphasis added). The Federal Circuit went on to explain, however, that the marks were still sufficiently close to be confusingly similar to even sophisticated purchasers who were not hardcore fans. Pet. App. A, 9a. In reaching that conclusion, the Federal Circuit did nothing more than follow settled precedent holding that consumer sophistication will not preclude a likelihood of confusion where the marks at issue, the goods at issue, and the retail channels at issue are very similar or identical. *Id.* (citing *Cunningham v. Laser Golf Corp.*, 222 F.3d 943 (Fed. Cir. 2000)). Even if this Court were otherwise inclined to grant certiorari only for the purpose of reviewing the merits of an unpublished

and non-precedential decision, the unanimous decision below reached the correct result.

On the second issue, Carolina argues for the first time that trademark protection should not be extended to ornamental "secondary source" uses of trademarks. Cert. Pet. 19-29. Carolina's new theory is that such ornamental uses constitute the product itself rather than an indication of the manufacturer or retailer of the product. *Id.* This is essentially an argument that licensed products – whether involving collegiate sports, professional sports, entertainment properties, or others – should not qualify for trademark protection.

As an initial matter, this issue was never pressed or passed upon, and it has been waived. Moreover, while Carolina again suggests a "conflict" based on cases that are several decades old, the law in support of trademark protection for ornamental uses has been settled for decades and Carolina's position would annihilate an entire licensing industry that Carolina estimates generates at least $3 billion dollars for collegiate sports ***alone***. Cert Pet. 11 (citing Jeffrey Zaslow, *Sports Fans Snap Up Souvenirs of Winners Beating Losers: Mascots Boiled or Grilled?*, Wall St. J., Nov. 12, 2003 at A1). Whatever uncertainty on this issue may have existed in the late 1970s and early 1980s, there is simply no split of relevant authority in the last three decades.

Equally problematic for Carolina, this new argument again does not change the outcome: Carolina

would still lose even if its new argument could be accepted. As a threshold matter, Carolina assumes that Southern California's trademark rights for collegiate clothing are limited to ornamental uses (as Carolina's are). However, the record shows that Southern California also has an "in-house" "SC" brand of collegiate clothing sold at its bookstores and third party retailers. As a result, Southern California's trademark rights are based both on secondary source uses *and* traditional indications of Southern California as manufacturer and retailer. Even if "secondary source" uses did not count as trademark uses (and they do), Southern California still has standing to object to South Carolina's proposed application and South Carolina still loses.

Moreover, the record confirms that all of Carolina's collegiate clothing is licensed to third-parties who use the "SC" mark only ornamentally on their own clothing. Carolina does not have its own line of clothing or even operate its own bookstore. In other words, ***Carolina's only basis for seeking the trademark registration at issue is ornamental "secondary source" uses of its proposed trademark.*** If this Court were to adopt Carolina's new (and wrong) argument, then – by definition – Carolina's activities would not qualify for trademark protection and Carolina's proposed trademark application would be automatically void.

In short, despite Carolina's attempts to plumb the depths of academic journals and 1970s case law, neither of Carolina's arguments could possibly justify

a grant of certiorari here and the petition should be denied.

SUPPLEMENTAL STATEMENT OF THE CASE

A. Carolina Applied for Trademark Registration for a New "SC" Mark in 1997 Despite California's Well-Established National Trademark Rights for "SC."

1. The University of Southern California Has For Decades Been Nationally Known as "SC" and Sold "SC" Merchandise Across the Nation.

The evidence in this matter demonstrates that California is nationally-known both verbally and visually as "SC," and "SC" is Southern California's principal athletic mark. When a newspaper in Hartford, Connecticut quotes a college football coach as saying "We're excited about the SC game," that coach is referring to the University of Southern California. [Opposer's Exhibit 206.2; *see generally* Opposer's Exhibits 163-222 (60 sample newspaper and magazine articles from around the country in which the University of Southern California is called "SC" by the journalist or a quoted interviewee).][1] Carolina's own witnesses have confirmed that the University of

[1] Unless otherwise noted, all citations to the record are publicly available on the TTAB website at http://ttabvue.uspto.gov/ttabvue/v?qt=adv&procstatus=All&pno=91125615.

Southern California is known verbally as "SC" in the same way that New York University is known as "NYU," Louisiana State University is known as "LSU," and Brigham Young University is known as "BYU." [Deposition Transcript of C. "Kit" Walsh 72:17-19, 87:6-19, 87:25-88:6, available at the Federal Circuit Joint Appendix at JA9465-66, JA9479-81.]

The record demonstrates that Southern California has been using "SC" as its central athletic mark for more than a century, and even Carolina *conceded* that Southern California has been doing so since at least 1967. Pet. App. B, 83a.

Consistent with the centrality of the "SC" mark at the University of Southern California and Southern California's pioneering role in collegiate licensing, Southern California has licensed and sold collegiate apparel bearing forms of its "SC" mark since at least 1976. Pet. App. B, 84a. Southern California sells its SC-branded collegiate apparel not only on campus and through its own stores, but also to the public at large "in retail stores of all sectors of the retail marketplace." Pet. App. B, 39a. These include mass merchandisers like Wal-Mart, Kmart, and Target, "mid-tier mass" retailers like J.C. Penney, Sears, and Kohl's, sporting goods retailers like Foot Locker, Sports Authority, Dick's Sporting Goods, and Champs Sports, gift stores and boutiques, and home furnishing stores like Bed, Bath & Beyond. *Id.*

2. The University of Southern California Has Trademark Registrations for "SC" For Collegiate Merchandise, Including a Registration Covering Any and All Reasonable Stylizations of "SC."

Given the centrality of the "SC" mark and Southern California's merchandising efforts, Southern California secured a "word mark" registration for its "SC" mark which covers the sales of hats, t-shirts, other collegiate apparel and other collegiate merchandise. U.S. Trademark Reg. No. 1,844,953. That registration is valid, subsisting, and ***incontestable*** and it adds a trademark registration with a 1990 priority date to Southern California's already extensive common law rights in the "SC" mark. As a matter of law, a "word mark" registration covers not only the plain letters themselves but provides rights in any reasonable stylization of the same. Pet. App. B, 28a-29a (citing *Cunningham v. Laser Golf Corp.*, 222 F.3d 943 (Fed. Cir. 2000)).

In addition, Southern California applied for a second registration in 1994 covering a specific stylized form of "SC" known in this matter as the "California Athletic Interlock." U.S. Trademark Reg. No. 2,683,137. This second registration provides the University of Southern California with an additional preexisting trademark registration that, like the first, pre-dates South Carolina's attempt to adopt the "SC" mark at issue here.

3. The University of South Carolina Has Not Traditionally Used "SC" and Affirmatively Abandoned Any Rights No Later than 1982 Before Trying to Adopt this New "SC" In 1997.

Historically speaking, Carolina's principal athletic mark has been the "Block C" (sometimes with a Gamecock icon in the middle), and the school has been verbally known as "Carolina," "USC" and the "Gamecocks." [*See generally* Opposer's Exs. 258, 284.8, 285.9, 287.7, 288.8.] While there is some evidence that Carolina engaged in *de minimis* internal use of "SC" during the earlier part of the 20th Century, the TTAB expressly found that Carolina **affirmatively abandoned any rights in "SC" as a trademark no later than 1982**. Pet. App. B, 93a-96a (using a 1982 abandonment date after accepting, without deciding, that Carolina could be credited with use of "SC" between 1974 and 1981 solely because Carolina's 1980 and 1981 yearbooks each included a crowd picture in which one single unidentified fan was wearing an "SC" hat.) On appeal, Carolina did not and could not challenge the finding of abandonment.

Moreover, the evidence clearly established that although Carolina began a licensing program at least as early as 1983, Carolina never sought to manufacture or license any goods bearing any form of the "SC" mark before 1997. [Opposer's Exhibits 283.7, 284.8, 285.9, 287.7, 288.8.]

In 1997, Carolina began using a new "SC" mark in connection with its baseball team. Pet. App. B, 79a-80a, 98a-100a. Carolina's new version of the "SC" mark is a virtually exact copy of a form of the "SC" mark that ***California*** used earlier in California's history. *Id.*, 29a. Although there is no evidence of any volume of sales, it is clear that sometime after 1997 Carolina began selling some hats and other collegiate apparel bearing Carolina's version of the "SC" mark through stores that carry collegiate apparel, such as Wal-Mart, J.C. Penney, Champs Sports, Foot Locker, Kohl's, Sports Authority, and Bed, Bath & Beyond. *Id.*, 39a. In other words, Carolina's collegiate apparel is sold through the same types of stores (and many of the exact same chains) as California's collegiate apparel.

In connection with this new Carolina version of the "SC" mark, Carolina applied for a trademark registration for the mark in connection with the sales of apparel, namely hats, t-shirts, shorts, and baseball uniforms. Pet. App. B, 17a. California timely opposed. *Id.*, 18a.

B. The Trademark Trial and Appeals Board Unanimously Found that Carolina's Version of California's "SC" Mark Infringed on Three Separate Sets of California's Rights.

In evaluating an opposition to trademark applications, the TTAB analyzes likelihood of confusion under Federal Circuit precedent pursuant to the

DuPont factors. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973). While the analysis covers all *DuPont* factors for which there is evidence in the record, it "'may focus . . . on ***dispositive*** factors such as similarity of the marks and relatedness of the goods.'" *Herbko Intern., Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1164 (Fed. Cir. 2002) (quoting *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1336 (Fed. Cir. 2001)) (ellipsis in the original, emphasis added). Moreover, the "'similarity or dissimilarity of the marks in their entities' is a ***predominant*** inquiry" in evaluating likelihood of confusion for trademark registration. *Herbko*, 308 F.2d 1165 (citing *DuPont*, 476 F.2d at 1361) (emphasis added).

In its unpublished and non-precedential final order in this matter, the TTAB analyzed three sets of rights that Southern California holds in "SC": (1) Southern California's rights in "SC" without any specific stylization, (2) Southern California's rights in "SC" based on Southern California's Athletic Interlock form of "SC," and (3) Southern California's rights in "SC" based on California's common law rights in California's Baseball Interlock form of "SC." Pet. App. B, 26a-64a, 65a-74a, and 75a-86a. For each of these sets of rights, the Board concluded that Southern California had priority over South Carolina.

Next, for each of the three sets of rights, the TTAB proceeded to made factual findings on ten of the thirteen *DuPont* factors. The first four *DuPont* factors are particularly relevant here since the TTAB

determined that the remaining six factors were neutral and did not favor either party.

On the first *DuPont* factor (similarity of the marks), the TTAB found that Carolina's application was legally identical in appearance to Southern California's incontestable "SC" "word mark" registration and likewise identical in sound and connotation. Pet. App. B, 28a-29a. The TTAB reached similar conclusions as to Southern California's "SC" Athletic Interlock and Southern California's common-law "SC" baseball interlock. *Id.*, 73a, 85a. This factor obviously favored Southern California.

On the second *DuPont* factor (similarity of goods), the TTAB found that the goods at issue were identical goods. *See generally* Pet. App. B, 67a. On the third *DuPont* factor (similarity of channels of trade), the TTAB found that the channels of trade were identical. *Id.*, 37a-40a, 68a. As a result, both the second and third factors favored Southern California.

Finally, on the fourth *DuPont* factor (conditions of purchase), the TTAB found that the goods at issue were inexpensive and that some of relevant purchasers were affirmatively not sophisticated. Pet. App. B, 40a-42a. On this ground, the TTAB found that the fourth *DuPont* factor affirmatively favored Southern California. *Id.*, 45a.

In sum, the TTAB unanimously concluded that the first four factors favored Southern California on each of the three sets of rights, and that the remaining factors were not material. As a result, the Board

found that each of the three sets of rights in "SC" independently required ruling in favor of Southern California. Pet. App. B, 64a, 74a, 86a.

In an unpublished and non-precedential opinion, the Federal Circuit left intact the findings on the first three *DuPont* factors and essentially found the fourth factor neutral. Pet. App. A, 5a-9a. As a result, the Federal Circuit unanimously affirmed the TTAB. *Id.*, 15a.

C. State of the Record on Consumer Sophistication.

As mentioned in the prior section, the TTAB addressed evidence on the price of the goods and the level of consumer sophistication in connection with the fourth *DuPont* factor, *i.e.*, conditions of purchase.

On the issue of consumer sophistication, Carolina argued in front of the TTAB that the "overwhelming majority" of purchasers of products were alumni, students, or fans and were therefore fully familiar with the logos of the different universities. For its argument that the relevant consumers were ***necessarily*** sophisticated as to the trademarks at issue, Carolina presented no consumer surveys or other demographic evidence and instead relied upon conclusory and speculative testimony from a representative of the Collegiate Licensing Company.

By contrast, Southern California noted that both schools sell their collegiate merchandise to the

general public through mass-market channels of trade like Wal-Mart, Sears, Kohl's or J.C. Penney. Southern California also elicited the testimony of the vice president responsible for Southern California's bookstore, Dan Stimmler, an individual who had worked his way up from catalog manager through clothing buyer and general merchandise manager. Mr. Stimmler testified that, in his personal experience selling collegiate apparel to consumers, approximately 20% of the consumers were "hardcore fans" who would be expected to appreciate the fine differences between the marks at issue. Pet. App. B, 41a. In addition, Southern California introduced evidence that the purchasers of collegiate merchandise include those who are not necessarily knowledgeable about different schools' trademarks, such as relatives or friends who are purchasing the goods as gifts. Pet. App. B, 42a. Southern California further introduced evidence that athletic success brought in new fans, who "may or may not be" sophisticated in making the purchases. Pet. App. A, 9a.

The Trademark Trial and Appeal Board found that – for the purposes of the fourth *DuPont* factor ("Conditions of Purchase") – the goods were inexpensive and that a significant number of consumers were ***unsophisticated*** and would not exercise any level of care. Pet. App. A, 40a, 42a. Based on these findings, the TTAB found that the fourth factor weighed affirmatively in favor of Southern California. *Id.*, 45a.

On appeal to the Federal Circuit, Carolina argued *inter alia* that the TTAB had erred in finding a

low degree of consumer sophistication. On that point, the Federal Circuit found that there was not enough evidence to support the TTAB's finding in Southern California's favor on a low level of consumer sophistication. Pet. App. A, 9a ("Thus, the Board's findings ***on the care*** exercised by gift-purchasing consumers and casual fans rested on speculation.") (emphasis added).

The Federal Circuit went on to find, however, that any error on this issue was harmless "even if the Board erred in its finding that certain consumers were unsophisticated," because the similarity of the marks, goods, and channels of trade were enough to support the conclusion that there would be a likelihood of confusion. Pet. App. A, 9a.

Notably, neither the TTAB nor the Federal Circuit made any finding that all consumers were necessarily highly-sophisticated. Nor did the Federal Circuit reject the ***existence*** of gift-purchasing consumers or casual fans. Pet. App. A, 9a. Instead, the Federal Circuit merely concluded that there was not sufficient evidence that those consumers could be affirmatively considered "unsophisticated." *Id.* As a result, while the Federal Circuit reversed the conclusion that the fourth factor favored Southern California, it did not make any findings that the fourth favor affirmatively favored Carolina.

While Carolina argues that the effect of the Federal Circuit's opinion is a finding of a likelihood of confusion without identifying a specific set of consumers who are likely to be confused, the record

simply does not reflect any such holding by the Federal Circuit. Pet. App. A, 9a. Moreover, to the extent that Carolina suggests that there is some implicit finding whose effect was not appropriately acknowledged by the Federal Circuit, it is worth noting that Carolina did not seek either rehearing or rehearing *en banc* in the Federal Circuit.

D. State of the Record on Ornamental "Secondary Source" Uses and Direct Trademark Uses.

The record shows that the trademark use by ***Carolina*** is based entirely on ornamental "secondary source" use of the proposed "SC" trademark, with that mark being applied to clothing manufactured and sold by third-party licensees. All Carolina merchandise bearing Carolina trademarks are made and sold via an exclusive license agreement with the Collegiate Licensing Company. [*See generally* Stipulated Facts Number 5, 51-55; Opposer's Ex. 252.5-252.6, Opposer's Exs. 283-288.]. Carolina does not operate its own clothing line and, in fact, does not even operate its own bookstore.

By contrast, while Southern California pioneered collegiate licensing, the record below also establishes that the University of Southern California developed its own "in-house" line of clothing that uses the "SC" trademark on labels and tags. [Confidential Testimony of Dan Stimmler 8:18-9:17, 11:24-13:6, 13:22-15:2, 17:13-18:3, 21:11-25 (confidential testimony not

publicly available but of record at the TTAB); *see also* Exhibit 19 attached thereto (Sew In Garment Tags Reading: "Manufactured for USC Athletics by the University of Southern California").] The testimony from Mr. Stimmler demonstrates that Southern California's in-house line of clothing is not only sold through Southern California's own bookstores but also sold through various third-party retail outlets. [*Id.*] In other words, Southern California has established its trademark rights through traditional primary identification of source as well as "secondary source" ornamental uses.

In terms of the procedural history, this Petition constitutes Carolina's first attempt to make any argument to try to limit trademark protection for ornamental "secondary source" uses of trademarks. In front of the TTAB, Carolina made two arguments involving "secondary source" but those two arguments were focused on entirely different issues. The first argument related to the second *DuPont* factor (similarity of goods), where Carolina initially argued that the parties' respective hats and t-shirts were somehow dissimilar "goods" because Carolina's hats and t-shirts bore different secondary source identifiers than California's otherwise identical hats and t-shirts. Pet. App. B, 29a-30a. Carolina also argued in connection with the fourth *DuPont* factor (conditions of purchase) that consumers would recognize that the marks were secondary identifiers and would therefore not have any potential for confusion. *Id.*, 44a. The TTAB rejected both of these arguments, explaining

that even if consumers recognized that Carolina's proposed trademark on clothing referred to a university rather than a manufacturer (*i.e.*, designated a secondary source), the consumer might still be confused as to whether that university was Carolina or California. *Id.*, 30a, 44a-45a.

On appeal to the Federal Circuit, Carolina abandoned both of these arguments, and it did not make any other arguments related to "secondary source" or ornamental usage.

REASONS THE PETITION SHOULD BE DENIED

A. Carolina's First Argument Misrepresents the Federal Circuit Decision and Points to an Alleged "Split" of Authority That Is Not Implicated by This Case.

1. Carolina Misrepresents the Holdings of the Federal Circuit to Posit a "New Standard" That Does Not Exist In That Decision.

Carolina's first argument misconstrues the facts of the case in order to try to read into the Federal Circuit's non-precedential opinion a holding that simply does not exist in that opinion. Put simply, Carolina assumes that the Federal Circuit rejected the existence of any purchasers who are not "hardcore" fans. Since hardcore fans would be able to distinguish even minor differences in trademarks,

Carolina asserts that the Federal Circuit must have implicitly created a "new standard" that would allow finding a likelihood of confusion without the existence of any consumers who might be confused. Cert. Pet. 10, 17.

In fact, Carolina's spin on the case misrepresents both the factual findings below and the legal reasoning of the Federal Circuit.

On the facts, the TTAB was the finder of fact in this case. The TTAB credited an estimate that approximately 20% of all consumers were "hard core" fans but nevertheless went on to find that enough of the remaining purchasers were sufficiently unsophisticated that the "degree of care" affirmatively favored Southern California. Pet. App. B, 42a, 45a.

On appeal, the Federal Circuit concluded that the TTAB was "speculating" in its conclusion those remaining potential purchasers included inherently unsophisticated purchasers, but the Federal Circuit did not reject the existence of remaining purchasers or find that all potential purchasers are necessarily hardcore fans. Pet. App. A, 9a. ("Thus, the Board's findings ***on the care*** exercised by gift-purchasing consumers and casual fans rested on speculation.") (emphasis added). The Federal Circuit's decision meant only that there was not sufficient evidence to support the finding that those potential purchasers were necessarily ***un***sophisticated. *Id.*

In other words, the Federal Circuit found the fourth *DuPont* factor to be neutral, but it certainly

did not find that all purchasers of collegiate apparel are inherently highly-sophisticated purchasers. Carolina's suggestion to the contrary is not only contrary to the record and the Federal Circuit's ruling but would entirely ignore the way the real world works. *See generally Bd. of Supervisors for Louisiana St. Univ. Agric. and Mech. College v. Smack Apparel*, 550 F.3d 465, 483 (5th Cir. 2008) (explaining that consumers of collegiate apparel are not necessarily highly sophisticated).

Moreover, despite Carolina's repeated suggestion to the contrary, the Federal Circuit did not announce a "new standard" where likelihood of confusion could be found without reference to consumers likely to be confused. Instead, based on its conclusion that the remaining (non-hardcore) purchasers were of undetermined sophistication, the Federal Circuit applied well-established precedent. Pet. App. A, 9a (citing *Cunningham v. Laser Corp.*, 222 F.3d 943, 948-49 (Fed. Cir. 2000)). The established precedent provides that even reasonable sophistication among potential purchasers cannot preclude a likelihood of confusion where (as here) the marks are virtually identical, the goods are identical ***and*** the retail channels are identical. *Cunningham*, 222 F.3d at 948-49; *In re Shell Oil Co.*, 992 F.2d 1204, 1208 (Fed. Cir. 1993); *Weiss Assocs. Inc. v. HRL Assocs., Inc.*, 902 F.2d 1546, 1548 (Fed. Cir. 1990); *In re Research and Trading Corp.*, 793 F.2d 1276, 1279 (Fed. Cir. 1986). The Federal Circuit's holdings on this subject are in accord with other courts to have considered the issue.

See generally PACCAR Inc. v. TeleScan Techs., L.L.C., 319 F.3d 243, 254 (6th Cir. 2003), *overruled in part on other grounds, KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004) (citing cases and concluding that: "if marks are similar, as they are here, 'then purchaser care will decrease the likelihood of confusion only minimally.'")

In sum, Carolina simply misrepresents the facts in order to try to find a "new" holding that does not exist. The Federal Circuit did not deny the existence of purchasers other than hardcore fans, and the Federal Circuit applied long-standing precedent to hold that similarity of marks, goods, and channels of trade will create an impermissible likelihood of confusion even if those purchasers could be assumed to have some level of sophistication. *See, e.g., In re Research and Trading Corp.*, 793 F.2d at 1279 (quoting *Carlisle Chem. Works, Inc. v. Hardman & Holdman Ltd.*, 434 F.2d 1403, 1406 (C.C.P.A. 1970)) (ellipsis in original) (explaining confusion among sophisticated purchasers because "[h]uman memories of even discriminating buyers . . . are not infallible."). That conclusion was not only required by precedent but it is the right conclusion here.

2. Carolina's Purported "Conflict" Between Public Confusion and Potential Purchaser Confusion Is Irrelevant Since Carolina Received the Benefit of the More Favorable Standard and This Case Does Not Implicate the Alleged Split.

Citing only cases decided before 1997, Carolina purports to find a "conflict" between (a) courts that limit actionable confusion under the Lanham Act to actual purchasers and (b) courts that find that a plaintiff can show actionable confusion either via actual purchasers **and/or** via post-sale public confusion among those unlikely to purchase. Cert. Pet. 13-15. As an initial matter, Carolina's alleged "conflict" seems to be entirely of academic interest, and the fact that Carolina could not cite a case more recent than 1996 demonstrates that the issue has not caused any practical concerns in the courts during recent years.

More importantly for the purposes of this petition, that debate is irrelevant to this matter because ***this matter was decided solely on the basis of confusion among potential purchasers***. There is neither evidence nor argument nor any finding in any of the two opinions below about post-purchase confusion among people who are not potential purchasers.

In other words, the "purchaser-only" standard is a more favorable standard to Carolina and Carolina therefore received the benefit of that more favorable standard. Even under the more favorable standard, the TTAB and the Federal Circuit found a likelihood of confusion. As such, resolution of the alleged

"conflict" has no effect on the merits of this case and the alleged circuit split therefore is not implicated by this case.

The real thrust of Carolina's petition is an attempt to revisit its unfounded position that all purchasers of collegiate merchandise are necessarily highly-sophisticated with the knowledge of a "hardcore" fan. This claim has nothing to do with post-sale confusion among those unlikely to make a purchase. Carolina's claim amounts to an argument that the TTAB and Federal Circuit allegedly misapplied the established law to the facts. Even if Carolina's real complaint were justified (and it is most certainly not), it would not justify this Court's grant of certiorari on an unpublished decision that does not involve either a relevant circuit split or any novel issue of national importance.

B. Carolina's New "Secondary Source" Argument Not Only Ignores Decades of Settled Law and the Fact that California Sells Its Own In-House Brand of "SC" Clothing, But – If Adopted – Would Result in the Automatic Dismissal of Carolina's Trademark Application.

In connection with its second "question presented," Carolina makes a brand-new argument that Lanham Act protection should not be extended to trademarks when used as ornamental "secondary source" identifiers on goods. As discussed herein, there are very good reasons why Carolina did not

advance this argument at any previous stage of the litigation.

1. Carolina Waived This Issue By Not Previously Raising It At Any Level Below.

As addressed in the Supplemental Statement of the Case, Carolina made two different arguments about "secondary source" in the administrative stage of the case, but Carolina *never* made anything close to the argument that it asserts here. Moreover, Carolina abandoned even those other arguments when it did not appeal either of those arguments to the Federal Circuit. The Federal Circuit did not consider or address any issue about ornamental "secondary source" uses being appropriate subjects of trademark protection.

As a result, even if Carolina's new theory had any merit (and as addressed in the following sections, it does not), the argument was neither pressed nor passed upon in the decision below and Carolina has waived the argument. *U.S. v. Williams*, 504 U.S. 36, 41 (1992)).

2. The Issue of Trademark Protection For Marks Used as Secondary Sources Has Been Settled for Decades and Carolina's Argument Would Upend Settled Law on Which Virtually All Licensing Takes Place.

In support of its suggestion that there is an issue worthy of attention involving ornamental trademark usages, Carolina relies principally upon vintage law review articles. Carolina cites only two court of appeals decisions that might even suggest a dispute over whether ornamental uses are protectable, but both decisions are almost thirty years old and neither reflects any conflict with the currently settled law. Cert. Pet. 24-26, citing *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980); *University of Pittsburg v. Champion Prods., Inc.*, 686 F.2d 1040 (3d Cir. 1982).

Carolina's reliance on the Ninth Circuit's 1980 decision in *Job's Daughters* is misplaced because the Ninth Circuit has subsequently limited that case and expressly made clear that the Lanham Act ***does*** cover ornamental "secondary source" trademark uses. *Au-Tomotive Gold Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062, 1069 (9th Cir. 2006) ("*Au-Tomotive Gold I*"). As the Ninth Circuit explained in *Au-Tomotive Gold I*, the *Job's Daughters* decision was a "somewhat unique case" involving collective marks, and the Ninth Circuit thereafter "clarified and narrowed" the *Job's Daughters* case to its own facts. *Id.*

More importantly for the purposes of the present Petition, the Ninth Circuit has gone on to hold that ornamental "secondary source" uses of trademarks are protectable. *Au-Tomotive Gold I*, 457 F.3d at 1069. Unauthorized ornamental uses of trademarks constitute a prima facie case of trademark infringement because "[t]he demand for [defendant's] products in inextricably tied to the trademarks themselves." *Id.* In other words, a party like Volkswagen (or the University of Southern California) is entitled to trademark protection under Ninth Circuit law where "[c]ustomers buy [the products in question] principally to demonstrate to the general public an association with Volkswagen." *Au-Tomotive Gold Inc. v. Volkswagen of America, Inc.*, 603 F.3d 1133, 1138 (9th Cir. 2010) ("*Au-Tomotive Gold II*"). *Au-Tomotive Gold I & II* clearly dispose of any concern that the law in the Ninth Circuit conflicts with the general rule of protection for such marks.

Carolina's citation to the Third Circuit's 1982 decision in *University of Pittsburg* case is likewise unavailing, inasmuch as that case did not purport to establish any rule whatsoever. Carolina quotes from that 1982 decision for the proposition that "this 'issue [of ornamental trademark use] reflects and growing and unsettled aspect of the law of unfair competition both at common law and under the Lanham Act.'" Cert. Pet. 26, quoting *University of Pittsburg*, 686 F.2d at 1047. However, in finding the law "unsettled" in 1982, the Third Circuit relied heavily on the Ninth Circuit's *Job's Daughters* decision. *University of*

Pittsburg, 686 F.2d at 1048. As noted *supra*, the Ninth Circuit has subsequently made clear that *Job's Daughters* does not preclude trademark protection for ornamental "secondary source" uses.

Moreover, the Third Circuit in *University of Pittsburg* expressly noted that certain "fundamental concepts" were becoming more accepted in this area, requiring the district court to reconsider its rejection of trademark protection for ornamental "secondary source" uses. *University of Pittsburg*, 686 F.2d at 1048 (referring, *inter alia*, to *Boston Pro. Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1012 (5th Cir. 1975), *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2nd Cir. 1979), and *Processed Plastic Co. v. Warner Comms.*, 675 F.2d 852, 856-58 (7th Cir. 1982)). Put differently, the district court had taken the position that Carolina asserts here, and the Third Circuit ***reversed*** the district court's decision. *University of Pittsburg*, 686 F.2d at 1048.

As such, not even Carolina can suggest that the Third Circuit's decision in *University of Pittsburg* creates a split with the prevailing rule. The *University of Pittsburg* opinion did nothing more than observe that – as of 1982 – the law was not entirely settled. Of course, since 1982, the law has been settled and there is no recent suggestion of any conflict.

In reality, every circuit to have reached the issue of trademark protection for ornamental "secondary source" uses has concluded that such uses are

entitled to protection under the Lanham Act. *See generally, Boston Pro. Hockey*, 510 F.2d at 1012; *Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76, 79 (2nd Cir. 1981); *University of Georgia Athletic Ass'n v. Laite*, 756 F.2d 1535, 1546 (11th Cir. 1985); *W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985); *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989); *Au-Tomotive Gold I*, 457 F.3d at 1069; *see also In re DC Comics, Inc.*, 689 F.2d 1042, 1045 (C.C.P.A. 1982). There is no conflict here.

3. Because California Uses "SC" To Designate Source For Its Own Line of Clothing, California Does Not Depend Solely on Ornamental Uses.

Although not fully articulated, Carolina's argument appears to be that – ***if*** the Court were to deny trademark status to ornamental "secondary source" trademark usage and ***if*** Southern California only has rights as a result of licensed goods – then somehow Southern California would lose any ability to challenge Carolina's application and Carolina would win by default.

Among many other flaws, this argument depends on an erroneous assumption that Southern California's only trademark rights come from licensing goods.[2] As discussed in the Supplemental Statement

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[2] In fact, while Southern California does have formal trademark rights via both traditional and secondary sources uses,

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of the Case, Southern California has a multi-million dollar line of clothing that it does not license to third parties but sells itself. Put differently, Southern California uses its "SC" athletic interlock on the labels and hang-tags of "Team Trojan" gear to show that Southern California is the *source* as well as the sponsor of the gear. [Confidential Stimmler Testimony 8:18-9:17, 11:24-13:6, 13:22-15:2, 17:13-18:3, 21:11-25; *see also* Ex. 19 thereto (garment tags reading: "Manufactured for USC Athletics by the University of Southern California").]

Southern California owns an unrestricted trademark registration for the "SC" athletic interlock as used on apparel, and the TTAB expressly found that Carolina's proposed "SC" mark would be confusingly similar to Southern California's athletic interlock "SC" mark. U.S. Trademark Reg. No. 2,683,137; Pet. App. B, 74a. The Federal Circuit affirmed. Pet. App. A, 15a. As such, even if Southern California's licensing of "SC" items could be somehow removed from this case, Southern California would *still* have valid trademark rights on which to object to Carolina's proposed "SC" mark. Carolina would still lose.

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formal trademark rights are not even required to oppose Carolina's trademark application. 15 U.S.C. § 1063 (allowing opposition by anyone who believes "he would be damaged by the registration of the mark"); *Ritchie v. Simpson*, 170 F.3d 1092, 1095 (Fed. Cir. 1999). In other words, even if Southern California did not have its own line of clothing (and it does), Carolina would ***still*** lose on this argument.

4. If Adopted, Carolina's New "Secondary Source" Argument Would Automatically Doom Carolina's Case.

This matter originated out of Carolina's application for a federal trademark registration for its proposed "SC" mark in connection with "'clothing, namely, hats, baseball uniforms, T-shirts and shorts.'" Pet. App. B, 17a (quoting Carolina's trademark application serial number 75358031).

It is stipulated (and indisputable) that all merchandise bearing Carolina's mark is manufactured and sold pursuant to an exclusive licensing agreement with the Collegiate Licensing Company. [Stipulated Facts 5, 51-55] Unlike California, Carolina does not have its own in-house clothing brand. Carolina's only use of its "SC" mark on collegiate apparel is placing the mark on third-party goods to indicate sponsorship of the goods by Carolina (*i.e.*, ornamental use).

In other words, Carolina filed the trademark registration at issue only to secure trademark protection for ornamental "secondary source" uses. Moreover, Carolina gave sworn testimony to the Patent and Trademark Office that it was using the mark in a manner qualified for trademark protection. If – as Carolina now suggests for the first time in this case – ornamental "secondary source" uses of trademarks do not qualify for trademark protection, then Carolina has neither any current use nor even any intention of future use that would be protectable. An applicant cannot register a trademark unless the applicant is

using the mark in commerce in a trademark manner, and indeed, no domestic party can even ***apply*** for a trademark registration unless the party is already using the mark in a trademark manner or has a bona fide intention to do so. 15 U.S.C. §§ 1051(a)(1) (application for mark used in commerce), 1051(b)(1) (application for mark intended to be used in commerce), 1127 (definition of "use in commerce").

Southern California could belabor this point at length but there is no need. Whether this point is characterized as a form of estoppel based on Carolina having sworn that ornamental "secondary source" usage was qualified trademark use or whether it merely reflects the reality of the case, Carolina's new argument cannot aid Carolina. If the argument were adopted, Carolina would lack any standing for a trademark application and would therefore immediately forfeit the case. The fact that Carolina brings out this argument now demonstrates nothing more than the bankruptcy of its other arguments and the extent to which Carolina will go to avoid the clear and unequivocal rulings of the unanimous panels below.

CONCLUSION

For the reasons discussed above, Carolina's petition should be denied.

Respectfully submitted,

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